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PP RUEAIIB  
ZNY CCCCC ZOC STATE ZZH  
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PP RUEHSD RUEHC  
DE RUMJPG #3417 2430456  
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P 310456Z AUG 83  
FM AMEMBASSY BEIJING  
TO RUEHC/SECSTATE WASHDC 0281  
INFO RUEHMO/AMEMBASSY MOSCOW 5059  
RUEHKO/AMEMBASSY TOKYO 2873  
RUFHFR/AMEMBASSY PARIS 1924  
RUHQHQA/CINCPAC HONOLULU HI  
RUMJNG/AMCONSUL HONG KONG 0581  
ZEN/AMCONSUL GUANGZHOU POUCH  
ZEN/AMCONSUL SHANGHAI POUCH  
BT

C O N F I D E N T I A L

LIMITED OFFICIAL USE BEIJING 13417

CINCPAC ALSO FOR POLAD

E.O. 12356: N/A

TAGS: EIND, EINV, CH, US, ECON

SUBJECT: HEILONGJIANG ALUMINUM PLANT - CENTRALIZATION  
NOT DECENTRALIZATION

1. DURING SENATOR JACKSON'S VISIT TO CHINA'S  
NORTHEASTERN PROVINCE OF HEILONGJIANG, HE TOURED THE  
NORTHEAST LIGHT ALLOY FABRICATION PLANT OUTSIDE HARBIN.  
THE PLANT, THE LARGEST IN THE NORTHEAST, HAS A STAFF OF  
12,000 AND HAS BEEN TURNING OUT FINISHED ALUMINUM  
PRODUCTS SINCE IT WAS ESTABLISHED WITH SOVIET HELP IN  
1956. THE FACTORY DOES NOT MANUFACTURE ALUMINUM INGOTS,  
BUT RECEIVES THEM PRINCIPALLY FROM A SMELTING PLANT  
LOCATED IN LIAONING PROVINCE TO THE SOUTH.

2. THE PLANT MANAGER SAID THE PLANT WAS IN THE PROCESS  
OF BEING TRANSFERRED TO CENTRALIZED CONTROL UNDER THE  
BEIJING-BASED CHINA NON-FERROUS METAL COMPANY. ITS  
INGOT SUPPLY COMPANY HAD ALREADY BEEN CENTRALIZED, AND  
THE PLANT MANAGER ANTICIPATED THAT HIS OWN FACTORY'S  
TRANSFER TO CENTRAL CONTROL WOULD BE COMPLETED VERY  
SHORTLY. WHEN QUERIED WHETHER THIS DID NOT RUN COUNTER  
TO THE COUNTRY'S GENERAL POLICY OF DECENTRALIZATION,  
THE PLANT MANAGER REPLIED THAT GOVERNMENT POLICY IS TO  
"CENTRALIZE WHAT SHOULD BE CENTRALIZED, AND  
DECENTRALIZE WHAT SHOULD BE DECENTRALIZED."  
IN HIS OWN FACTORY'S CASE, BECAUSE PRODUCTS SUPPLIED THE  
ENTIRE COUNTRY EXCEPT FOR TIBET, CENTRALIZATION MADE  
SENSE. PRIVATELY, HOWEVER, HE TOLD A CODEL MEMBER THAT  
CENTRALIZATION WOULD NOT MEAN ANY GREAT CHANGE IN THE  
PLANT'S DAY-TO-DAY OPERATIONS.

3. JOINT VENTURE WITH FRANCE: THE MANAGER SAID THAT  
THE FACTORY'S MAJOR CUSTOMERS WERE THE CONSTRUCTION  
INDUSTRY, THE CHEMICAL INDUSTRY, AND THE AIRCRAFT  
INDUSTRY. ON THE RIDE TO THE FACTORY, A SENIOR LOCAL  
OFFICIAL COMMENTED THAT THE PLANT SUPPLIED MUCH OF THE

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ALUMINUM USED IN A FRENCH-CHINESE JOINT VENTURE TO PRODUCE HELICOPTERS. HE INDICATED THAT THE HELICOPTERS WERE BEING ASSEMBLED SOMEWHERE IN HEILONGJIANG PROVINCE.

4. STAFF, SALARIES, AND EQUIPMENT: THE PLANT MANAGER TOLD CODEL MEMBERS THAT THE CENTRAL AUTHORITIES APPOINTED THE PLANT'S FOUR TOP STAFF MEMBERS, INCLUDING THE PLANT MANAGER, DEPUTY MANAGER, AND CHIEF ENGINEER. THEY IN TURN COULD APPOINT THE REST OF THE PLANT STAFF, AND THE MANAGER WENT OUT OF HIS WAY TO EMPHASIZE THAT THE PLANT MANAGEMENT COMMITTEE HANDLED PLANT MANAGEMENT, WHILE THE PARTY COMMITTEE OVERSAW PARTY AND IDEOLOGICAL QUESTIONS. BECAUSE OF EDUCATIONAL DEICIENCIES BROUGHT ABOUT BY THE CULTURAL REVOLUTION, THE PLANT HAS BEEN REQUIRED TO MOUNT A MAJOR IN-HOUSE EDUCATION SYSTEM, INVOLVING SOME TWO THOUSAND EMPLOYEES, TO BRING THEM UP TO THE "3RD LEVEL" OR HIGHER (OF THE EIGHT-LEVEL WAGE SCALE WIDELY PRACTISED THROUGHOUT CHINA). FOR THOSE AT THE 3RD LEVEL, BASIC SALARIES AVERAGE ABOUT 40-45 YUAN PER MONTH; FACTORY-WIDE, THE AVERAGE SALARY IS 62 YUAN PER MONTH. THE PLANT EQUIPMENT SEEN BY CODEL WAS ALMOST ENTIRELY SOVIET-SUPPLIED; EMBOFF READING THE METAL LABELS ON A NUMBER OF MACHINES SAW THAT THEY WERE PRODUCED IN KHARKOV'S KIROV "ELECTROZAVOD" WORKS IN 1954. INDEED, THE FACTORY SEEMS READY FOR A MAJOR RETOOLING, AND THE PLANT MANAGER EXPRESSED INTEREST IN INCREASING CONTACTS WITH FOREIGN FIRMS. THE ONLY NON-SOVIET EQUIPMENT VISIBLE IN THE PARTS OF THE PLANT VISITED WERE SEVERAL FAIRLY SMALL JAPANESE CONTROL SYSTEMS (TOSHIBA) BUT THE MANAGER SAID THAT HIS FACTORY HAD RECENTLY MADE A \$3.5 MILLION CONTRACT WITH A U.S. FIRM TO SUPPLY OTHER EQUIPMENT.

HUMMEL  
END OF MESSAGE

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